



FY 2017-2018



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DISTRICT MISSION

The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.

DISTRICT VISION

The District meets its regional water supply needs through:

- 1. Collaboration with its member agencies to understand their short-term and long-term needs,**
- 2. Development and implementation of a plan to address these needs in a cost-effective manner based on current water conditions, and**
- 3. Periodic update of the plan as needs or as major changes in water conditions occur.**

DISTRICT CORE VALUES

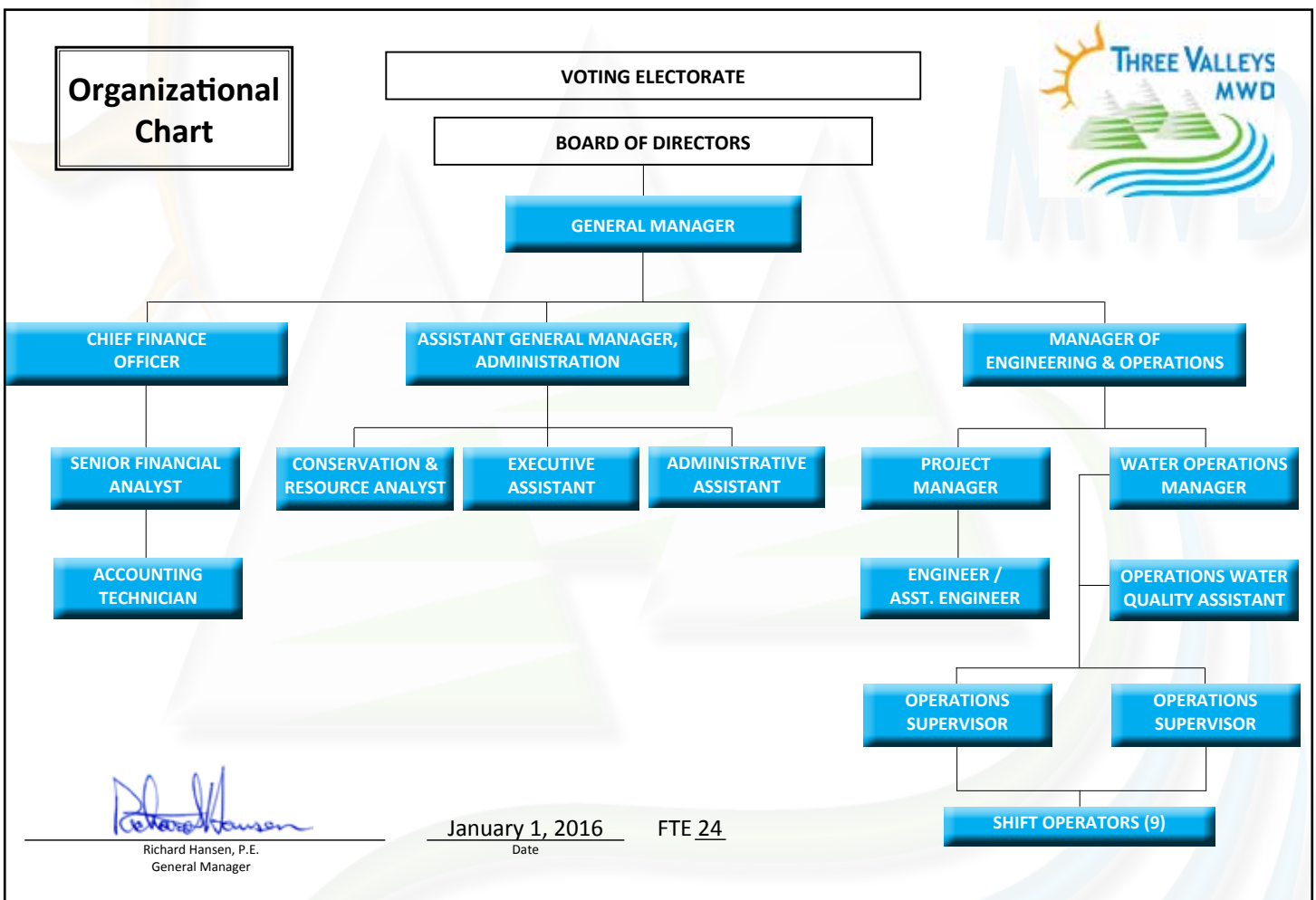
To achieve success, TVMWD must have a set of core values from which it bases its policies and actions. For TVMWD to meet current and future challenges, the single most important factor to our success is faithful and consistent adherence to these values.

- Teamwork**
- Communication**
- Customer Service**
- Personal Responsibility**
- Professional Integrity**
- Employee Development**
- Innovation**
- Recognition**

DISTRICT PROFILE

TVMWD is a special district formed by public election in 1950 and is the area's primary source of supplemental water covering the Pomona, Walnut and East San Gabriel Valleys. TVMWD is one of 26 member agencies of the Metropolitan Water District of Southern California (MWD) that is authorized to deliver wholesale water supplies from the Colorado River and Northern California. The region served by TVMWD spans over 133 square miles and serves 13 retail member agencies that in turn serve a population of over 500,000.

TVMWD's operations consist of a conventional surface water treatment plant (manned and operated 24 hours per day, 7 days per week, 365 days per year), a state certified laboratory, two groundwater wells, hydroelectric generating stations, residual solids removal, spreading pipelines, spreading grounds, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies by way of several miles of pipeline. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY.



TVMWD is governed by a Board of Directors elected by the registered voters residing within TVMWD's boundaries. The Board averages over 13 years of experience with TVMWD, this stability provides a tremendous benefit to TVMWD. The General Manager has over 39 years with TVMWD and has vast experience in the water industry. Approximately 70% of the TVMWD's water sales are wholesaled out of MWD's Weymouth Treatment Plant in La Verne. The remaining 30% is treated and sold out of TVMWD's Miramar Treatment Plant in Claremont. TVMWD has water storage accounts in Six Basins (stored: 3,498 AF; capacity: 3,500 AF) and Main San Gabriel Basin (stored: 118 AF; capacity: 40,000 AF).

DISTRICT PROFILE (continued)

TVMWD is accredited by SDLF as a District of Distinction, which demonstrates that TVMWD:



- Understands and respects the responsibilities inherent in providing essential public services.
- Has clean financial audits and operates in a fiscally responsible and transparent manner.
- Is conscious of the ever-changing operating environment by having current and relevant policies and procedures in place that conform to all statutes and regulations under state law.
- Places an emphasis on continuing education. Complete training by each of the district's board members and executive staff in ethics, governance and leadership.
- Focuses on having sound policies in the areas of governance, board conduct, district finances, transparency and reserves.

TVMWD was also recognized by SDLF with the District Transparency Certificate of Excellence. This certificate demonstrates TVMWD's commitment to being open, accessible and engaging to the public and creates a greater awareness of TVMWD's activities.

INDUSTRY OUTLOOK

California has dealt with five consecutive years of drought. In response to Governor Brown's executive order on April 1, 2015 to reduce water usage by 25% statewide, Californians conserved water at a 24% level between June 2015 and March 2016. The change in hydrologic conditions, improved supply conditions, and water-saving efforts by Southern Californians enabled MWD to lift mandatory water restrictions in May 2016 and instead downgrade to a Water Supply Alert calling for continued awareness and conservation efforts throughout their service area.

Sustaining wise water use remains essential to MWD. On January 12, 2016 MWD's board adopted a long-term water resource plan (Water Tomorrow), which outlines ways to maintain supply reliability for the next 25 years. Their updated 2015 Integrated Resources Plan identifies resources for future investment to protect the region from potential water shortages, emphasizes lowering demands through conservation and other actions as well as the need for developing new supplies through more local projects like water recycling.

A similar message was conveyed in the updated California Water Action Plan released January 14, 2016. The state's official water policy was updated to lay out actions that must be taken to protect water supplies and fix the state's critical water resource problems. Governor Brown followed up the California Water Action Plan with an executive order in May 2016 that aims to make water conservation a way of life in California. Governor Brown believes droughts are expected to be more frequent and persistent so California needs to move beyond temporary emergency drought measures and adopt permanent changes to use water more wisely. The executive order called for long-term improvements to local drought preparation across the state and directed the State Water Resources Control Board to implement emergency water restrictions until February 2017.

The 2016/2017 water year has provided tremendous relief for most of California. Precipitation is 220% of

INDUSTRY OUTLOOK (continued)

normal to date, Northern California reservoirs are much improved, and the Northern Sierra and Upper Colorado River Basin snowpack are trending above normal conditions. The Department of Water Resources' early estimates for State Water Project deliveries are at 60% and that number is still expected to rise. Despite these improved conditions, emergency water restrictions are still in place but will be reconsidered February 2017.

DISTRICT OUTLOOK

TVMWD continues to support and work in conjunction with MWD and our member agencies to meet the challenges of on-going water conservation efforts and other water saving measures. TVMWD's focus is at the local and regional level to find additional sources of water at a reasonable cost and address critical water issues. Preserving our water supplies for the future and in case of emergencies such as a catastrophic earthquake is at the forefront of TVMWD's goals.

U.S. Drought Monitor California
January 31, 2017
(Released Thursday, Feb. 2, 2017)
Valid 7 a.m. PST

As you can see from this recent map, the Pomona area is still considered to be in "Severe Drought". It will take more than a few rain storms to restore our local groundwater supplies.

DROUGHT...? NO DROUGHT....?

The State Water Resources Control Board (SWRCB) is asking that everyone continue to live the "waterwise lifestyle".

You have done an excellent job these last few years of conserving water. Your efforts have helped us weather a tough time. However, droughts create long-term impacts.

Locally, our groundwater basins have still not recovered. The recent rains have helped, but it will take much more to refill the basins. We also have to remember, that these rain and snowstorms may dry up at any time.

PLEASE keep up the good work and continue using water efficiently -- it must be a way of life in California.

Three Valleys Municipal Water District's Areas Served:
Azusa, Boy Scouts of America-Firestone Reservation, California State Polytechnic University-Pomona, City of Industry, Claremont, Covina, Covina Irrigating Co., Diamond Bar, Glendora, Golden State Water Co., Hacienda Heights, La Puente, La Verne, Mount San Antonio College, Pomona, Pomona-Walnut-Rowland Joint Water Line Commission, Rowland Heights, Rowland Water District, San Dimas, Suburban Water Systems, Valencia Heights Water Co., Walnut, Walnut Valley Water District and West Covina

DISTRICT GOALS

The following goals have been identified to assist TVMWD in executing its mission:

1. Provide an adequate, reliable, high-quality water supply
2. Provide water supplies in the most cost-effective manner
3. Be financially responsible and maintain the public's trust

Each goal has a number of specific objectives and actions to support the goal.

DISTRICT GOALS (continued)

Goal #1 - Provide an Adequate, Reliable, High-Quality Water Supply

Objective	Action
1.1 Secure water supplies that exceed the estimated annual demands by 10%	<ul style="list-style-type: none"> ▪ TVMWD Water Supply Master Plan <ul style="list-style-type: none"> ○ Obtain information annually from member agencies regarding their short-term and long-term needs ○ Update TVMWD's needs and obtain additional supplies if necessary
1.2 100% compliance with water quality standards	<ul style="list-style-type: none"> ▪ Comply with all EPA and State Water Board standards for safe drinking water ▪ Update treatment methods as necessary
1.3 Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies to 10,000 AF	<ul style="list-style-type: none"> ▪ Comply with MWD 10-year Purchase Order agreement ▪ Rehab underperforming wells or install new wells to increase extraction capabilities ▪ Enhance spreading capabilities throughout TVMWD ▪ Utilize full MWD Tier 1 allotment to increase storage in local basins ▪ Participate in regional collaborative efforts to bolster water supplies
1.4 Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe	<ul style="list-style-type: none"> ▪ Rehab underperforming wells or install new wells to increase extraction capabilities ▪ Continuously update emergency plans/procedures and perform test drills
1.5 Maintain water infrastructure to assure 100% reliability	<ul style="list-style-type: none"> ▪ Update asset maintenance plan <ul style="list-style-type: none"> ○ Maintain condition/risk assessment to prioritize assets for replacement ○ Complete asset replacement cost valuation to facilitate budget planning ▪ Update Five-Year Capital Investment Program ▪ Recruit qualified personnel, provide proper training and strive for 90% retention of permanent staff
1.6 Utilize water use efficiency programs to lower demand and stretch supplies	<ul style="list-style-type: none"> ▪ Maintain level of regional water use efficiency program assistance to comply with CUWCC and SBX7-7 requirements ▪ Determine outcome of TVMWD Water Supply Master Plan and consider development of a WSDM Plan (similar to MWD) to outline actions at various conditions
1.7 Advocate for a Bay Delta fix	<ul style="list-style-type: none"> ▪ Communicate importance of Bay-Delta to target audience ▪ Utilize ACWA, MWD, CSDA and other resources to focus on the key elements and need for a Bay-Delta fix through the California Water Fix and related programs

DISTRICT GOALS (continued)

Goal #2 – Provide Water Supplies in the Most Cost-Effective Manner

Objective	Action
2.1 Utilize 10,000 AF of well production to meet annual demands	<ul style="list-style-type: none"> ▪ Enhance spreading capabilities throughout TVMWD ▪ Rehab underperforming wells or install new wells to increase extraction capabilities ▪ Shift more demand from the Weymouth plant to well production
2.2 Utilize 20,000 AF of Miramar treatment plant production to meet annual demands	<ul style="list-style-type: none"> ▪ Shift more demand from the Weymouth Plant to the Miramar Plant ▪ Consider additional connections to maximize Miramar sales
2.3 Manage water infrastructure and staff operations to minimize costs	<ul style="list-style-type: none"> ▪ Utilize full Tier 1 allotment by storing water or marketing water to other agencies when available ▪ Update asset maintenance plan and implement funding mechanism into rate structure that provides cost smoothing and minimizes the need for financing ▪ Update Five-Year Capital Investment Program ▪ Recruit qualified personnel, provide proper training and strive for 90% retention of permanent staff ▪ Utilize partnership opportunities to share costs with local basins, water agencies, etc. ▪ Network with other treatment plants for BMPs ▪ Maximize a safe working environment to decrease insurance costs and time lost ▪ Utilize new technology or techniques to meet water quality standards efficiently
2.4 Evaluate short-term and long-term workforce needs to achieve optimal efficiency and cost effectiveness without sacrificing employee morale or productivity	<ul style="list-style-type: none"> ▪ Update asset maintenance plan ▪ Evaluate technological advances that can increase staff efficiency ▪ Evaluate whether tasks are best handled by outside contractors or in-house employees ▪ Implement a succession plan requiring cross-training and knowledge sharing between employees ▪ Recruit qualified personnel, provide proper training and strive for 90% retention of permanent staff <ul style="list-style-type: none"> ○ Develop a compensation philosophy to maintain a total compensation at market levels ○ Implement a succession plan that fosters qualified internal candidates for vacancies and retains institutional knowledge ○ Utilize Target Safety to maintain certifications and provide training ○ Develop a health and wellness program to minimize absences and improve employee's overall well-being
2.5 Obtain grant funding to offset capital investment projects	<ul style="list-style-type: none"> ▪ Be aware of all grant funding opportunities available ▪ Apply for grants when the grant funding benefits exceed the compliance requirements, staff time spent and likely timeline delays
2.6 Advocate for MWD rate structure that is fair, predictable and creates financial stability	<ul style="list-style-type: none"> ▪ Utilize the rate refinement group to suggest take or pay contracts from MWD to ensure costs appropriately allocated among all MWD member agencies

DISTRICT GOALS (continued)

Goal #3 – Be Financially Responsible and Maintain the Public’s Trust

Objective	Action
3.1 Utilize and comply with a set of financial policies to maintain TVMWD's financial health	<ul style="list-style-type: none"> ▪ Adopt financial policies regarding: <ul style="list-style-type: none"> ○ annual budget and rate making process ○ use of debt ○ accumulation and use of reserves ○ cash management and investments ▪ Maintain accreditation of SDLF's "District of Distinction"
3.2 Maintain TVMWD website with useful information	<ul style="list-style-type: none"> ▪ Post board agendas, packets and minutes for prior 1 year period and financial & water quality reports for prior 2 year period ▪ Promote awareness of water issues ▪ Post resources for efficient use of water ▪ Post information which is repeatedly requested ▪ Maintain SDLF's "District Transparency Certificate of Excellence"
3.3 Be accountable and transparent with major decisions	<ul style="list-style-type: none"> ▪ Each staff report will specify the goal/objective achieved with the requested action ▪ Comply with state controller's office and CalPERS' requirements for compensation disclosure ▪ Comply with TVMWD purchasing policy ▪ Obtain board approval as needed for policy changes
3.4 Communicate TVMWD's role in the delivery of water	<ul style="list-style-type: none"> ▪ Promote achievement of TVMWD goals and objectives ▪ Communicate with target audience the importance of TVMWD (a special district) so the value provided is recognized and supported ▪ Coordinate communication efforts with member agencies so they reiterate the benefit provided ▪ Develop fact sheet regarding information, projects, etc. to be utilized by staff & board members ▪ Provide tours of TVMWD facilities
3.5 Ensure that all of the region's local government policy makers understand TVMWD's role in delivery of water	<ul style="list-style-type: none"> ▪ Coordinate communication efforts with member agencies ▪ Develop fact sheet regarding information, projects, etc. to be utilized by staff & board members ▪ Provide tours of TVMWD facilities
3.6 Achieve an IT Risk rating of "low" according to industry standard vulnerability assessment methodologies of NIST and SANS	<ul style="list-style-type: none"> ▪ Have an assessment performed of SCADA, accounting software, network access and other IT related issues ▪ Implement recommendations for areas identified as vulnerable ▪ Create a technology master plan to stay ahead of these issues

FINANCIAL POLICIES

TVMWD's practices are guided by the following financial policies:

1. Annual Budget

- a. The budget is the annual action plan for development and execution of TVMWD's mission and budget priorities. The budget is adjusted to reflect TVMWD's short-term and long-term goals.
- b. TVMWD shall adopt and adhere to a balanced budget. A balanced budget is defined as a budget where revenues less expenses are as close to zero as possible over a five-year period.
- c. Budget line items shall be based on reasonably predicted revenues and expenses rather than best or worst-case scenarios. Reasonable prediction involves the use of historical data, projected data and prudent judgment.
- d. The budget is utilized to estimate the required rate necessary to operate TVMWD rather than to reflect actual circumstances that occurred during the year. Budget amendments will be utilized to reflect any significant changes that occur during the year.
- e. The budget shall be adopted annually but prepared for a five-year period to smooth out increases and properly plan for future expenses.
- f. TVMWD shall segregate budget line items into separate funds:
 - i. Pass Through - this fund shall track MWD readiness-to-serve charges, capacity charges and any other costs where TVMWD is directly reimbursed.
 - ii. Operating - this fund shall track all expenses attributable to the operation of TVMWD.
 - iii. Capital - this fund shall track all capital expenses attributable to TVMWD's infrastructure.
- g. TVMWD will hold at least one workshop to afford member agencies and the public an opportunity to comment on the proposed budget.
- h. TVMWD will adopt the annual budget by April for the following fiscal year.
- i. TVMWD will provide to the Board a monthly budget to actual summary report.

2. Rate Making Process

- a. TVMWD shall adopt rates that produce a balanced budget.
- b. TVMWD will hold at least one workshop to afford member agencies and the public an opportunity to comment on the proposed rates.
- c. TVMWD will adopt rates by April for the following calendar year.
- d. TVMWD's activities are supported by a diversified revenue stream of water sales, charges, assessments, property taxes, hydroelectric, cell tower and interest income.
- e. TVMWD shall generally utilize one-time revenues for payment of one-time expenses. TVMWD will not establish ongoing programs or expenditure commitments dependent upon anticipated one-time revenues or revenues that are not reasonably predictable.

3. Debt

- a. TVMWD will issue long-term debt only when the project makes good financial sense.
- b. Debt will be used for large one-time expenditures, not for ongoing costs such as operation and maintenance.
- c. The term of any debt will not exceed the useful life of the project or equipment purchased with the debt proceeds.
- d. Refunding of outstanding debt will be undertaken only if the generated savings makes good financial sense.

FINANCIAL POLICIES (continued)

4. Cash Management and Investments

- a. TVMWD shall invest idle cash in a prudent manner according to established TVMWD investment policy that complies with California Government Code and applicable California law, ensuring TVMWD's cash flow requirements are met while meeting the objectives of safety, liquidity, and return on investment.
- b. TVMWD will strive to maximize the return on investment without sacrificing preservation of principal and daily cash requirements.
- c. Cash flow projections will be updated monthly for all daily receipts and disbursements, and will serve as the baseline for determining cash liquidity needs and funds available for investment.

5. Reserves

- a. Consistent with sound and prudent fiscal practices as well as legal requirements, TVMWD will maintain reserve funds that comply with adopted policy and legal bond documents.
- b. Objectives of reserve funds:
 - i. To balance short-term fluctuations in revenues/expenses without adopting unplanned significant rate increases that could severely impact ratepayers.
 - ii. To provide a safety net in the event of emergency.
 - iii. To minimize external borrowing and interest expense.
 - iv. To determine the most opportune time to issue debt when necessary.
- c. In setting reserve goals TVMWD will consider that reserve levels affect bond ratings and ultimately the ability to access debt markets at favorable interest rates.
- d. The Board shall annually reevaluate what is reasonable for each reserve fund.
- e. Although GASB 54 does not apply to TVMWD, staff will provide reserve schedules annually that comply with GASB 54 to provide more detail and greater visibility as to the level of fund balance available for use. The hierarchy of five possible classifications of fund balance is:
 - i. Non-Spendable - amounts that cannot be spent due to form such as inventories and prepaids.
 - ii. Restricted - amounts constrained for specific purpose by external parties, constitutional provision or enabling legislation.
 - iii. Committed - amounts constrained for specific purpose by government using its highest level of decision-making authority.
 - iv. Assigned - amounts intended to be used for specific purposes.
 - v. Unassigned - the residual fund balance.

RESERVE POLICIES

Reserve	Goal	Description	Source
Board Election	\$120,000 - \$160,000	To cover biennial election and associated costs.	Water rate over the 2 subsequent years.
Water Management	\$200,000	To replenish storage of water pumped from local basins. Amount set at (TVMWD Six Basins storage capacity, less current storage, less MWD current storage) * expected rate for replenishment.	Six Basins water sales annually & then from Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Water Rate Stabilization	\$1,200,000 - \$1,800,000	To help fund operations when water sales are less than projected. Reserve shall be set at an amount to supplant lost income in the event of 10% water sales shortages over a 2-3 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years unless rate stabilization utilized to balance upcoming budget.
Capital Investment Program	\$4,100,000 - \$7,100,000	To cover expected and actual capital project/repair/ replacement costs over the next 2-4 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Opportunity	\$2,000,000 - \$3,000,000	For unbudgeted, unplanned or opportunistic projects that can increase supply reliability or decrease rates.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Employee Benefit	\$1,817,576	To accumulate funds to offset the unfunded portion of employee pension and OPEB actuarial accrued liabilities. Funds to be deposited at the close of each fiscal year to the Post Employment Benefit Trust until the balance of the trust and CalPERS assets reaches approximately 90% of the actuarial accrued liability. This reserve will maintain the remaining 10% to offset the unfunded liability and to ensure the trust is not overfunded.	Unassigned Reserves. The board will approve a rate funding strategy during the annual budget process.
Emergency	Total available reserve balances of at least \$10,000,000	To cover unexpected costs from litigation, catastrophic events, business interruptions, or other events deemed as emergencies by the Board	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Unassigned	Remaining balance of unrestricted net assets	To replenish all other reserves and then accumulate excess reserves above goal amounts.	Excess retained earnings.

DEBT MANAGEMENT ANALYSIS

TVMWD DEBT SUMMARY

TVMWD made final payment on the original debt for the Miramar Treatment Plant on November 1, 2013. This debt was entered into by TVMWD, the City of La Verne and Golden State Water Company. Golden State Water Company paid the remaining balloon payment of \$6 million on November 1, 2014.

TVMWD is debt free.



ANALYSIS

Based on budget/rate forecasts and the five-year capital improvement plan, TVMWD should not need to issue debt in the foreseeable future. However TVMWD is well positioned to obtain debt at favorable rates should the need arise.

COMPENSATION PHILOSOPHY

In order to accomplish its mission, TVMWD must have sufficient competent staff to achieve the goals and objectives outlined in the strategic plan. This requires having a succession plan in place to identify needs and future challenges, recruiting qualified personnel with the appropriate skills to fill job openings, and retaining staff trained on how we operate.

To this end TVMWD demonstrates its commitment to treating staff fairly and equitably by compensating employees at market levels, defined as the average compensation at agencies that meet following criteria:

- Agencies with employees performing the same or directly related tasks
- Agencies competing to hire individuals with the same qualifications
- Agencies with similar ability to pay

The following agencies have been identified for comparison:

- Calleguas Municipal Water District
- Castaic Lake Water Agency
- Cucamonga Valley Water District
- Eastern Municipal Water District
- Inland Empire Utilities Agency
- Las Virgenes Municipal Water District
- Palmdale Water District
- Water Facilities Authority (WFA)
- West Basin Municipal Water District
- Western Municipal Water District

Compensation information is obtained from each agency by TVMWD staff. Information is compiled to reflect the **total dollar value compensation** for each position. Total dollar value quantifies total compensation (salary and benefits) so comparisons between agencies are easy to consider.

Salary Ranges

TVMWD should maintain wide ranges to bring new inexperienced employees in at low base salaries to allow for many years of growth, yet recognize and reward experience and performance.

Annual Performance Review

Employee performance is evaluated annually. Employees are eligible for a merit increase annually based on performance and within the constraints of the Board approved budget and the position's salary range. Employees are also eligible for a CPI increase based on employee performance. Salary ranges are adjusted annually by a CPI increase. The percentage increase is to be calculated per the annual change in Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange County.

Frequency

Due to the time-consuming nature of compiling compensation information, a total dollar value compensation study is completed every three years. Information is presented to the GM for comparison and to serve as a guide to adjust salary ranges and benefits as the GM deems necessary. Any benefits with long-term implications are brought to the Board for approval.

FIVE-YEAR CAPITAL PROGRAM

Project Enhanced Groundwater Production

Description Continued strategy to develop additional groundwater production capability within the groundwater basins that underlie TVMWD. This supply will augment imported water in the Miramar system for water delivery to the member agencies. Enhancing the capability to use local resources lessens the overall cost of water from Miramar and improves the reliability of supplies during emergencies. To the extent possible, existing wells that can be utilized will be incorporated into the strategy. In some cases, treatment may be required.



Rendering of Well

- Purpose**
- Serves as a cost-efficient source of water.
 - Provides additional options during emergency situations or drought conditions.

- TVMWD Objective**
- 1.3 - Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies to 10,000 AF.
 - 1.4 - Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe.
 - 2.1 - Utilize 10,000 AF of well production to meet annual demands.



Rendering of Well

Fiscal Year	16/17*	17/18	18/19	19/20	20/21	21/22
Expenditures						
Cost Estimate	338,664	1,831,573	1,466,667	1,580,760	1,066,667	3,040,000
Encumbered		(567,317)				
Budgeted	(338,664)	(124,394)				
Grant or Other Funding						
Budget Needs	-	1,139,862	1,466,667	1,580,760	1,066,667	3,040,000

*Estimated

Annual O&M Impact	\$60,000
Annual Staff Impact	0.30 FTE



FIVE-YEAR CAPITAL PROGRAM

Project Reservoir Effluent Pump Station

Description Planning, design, and installation of a demand-based pumping system at the effluent vault of the Miramar reservoirs. This system can provide the potable supply needs for the Miramar property effectively replacing the existing hydropneumatic tank system located at the plant's filter afterbay. By locating the new system at the reservoir effluent, the treatment process can take advantage of contact time in the reservoirs to improve the overall disinfection process. This change may lead to a reduction in chemical use and a lessened degree of monitoring to comply with the Groundwater Rule.



- Purpose**
- Improves water quality.
 - Increases operational efficiency.

- TVMWD Objective**
- 1.2 - 100% compliance with water quality standards.
 - 2.3 - Manage water infrastructure and staff operations to minimize costs.



Fiscal Year	16/17*	17/18	18/19	19/20	20/21
Expenditures					
Cost Estimate	25,000	256,000			
Encumbered					
Budgeted	(25,000)				
Grant of Other Funding					
Budget Needs	-	256,000	-	-	-

*Estimated



Annual O&M Impact	\$0
Annual Staff Impact	0.00 FTE

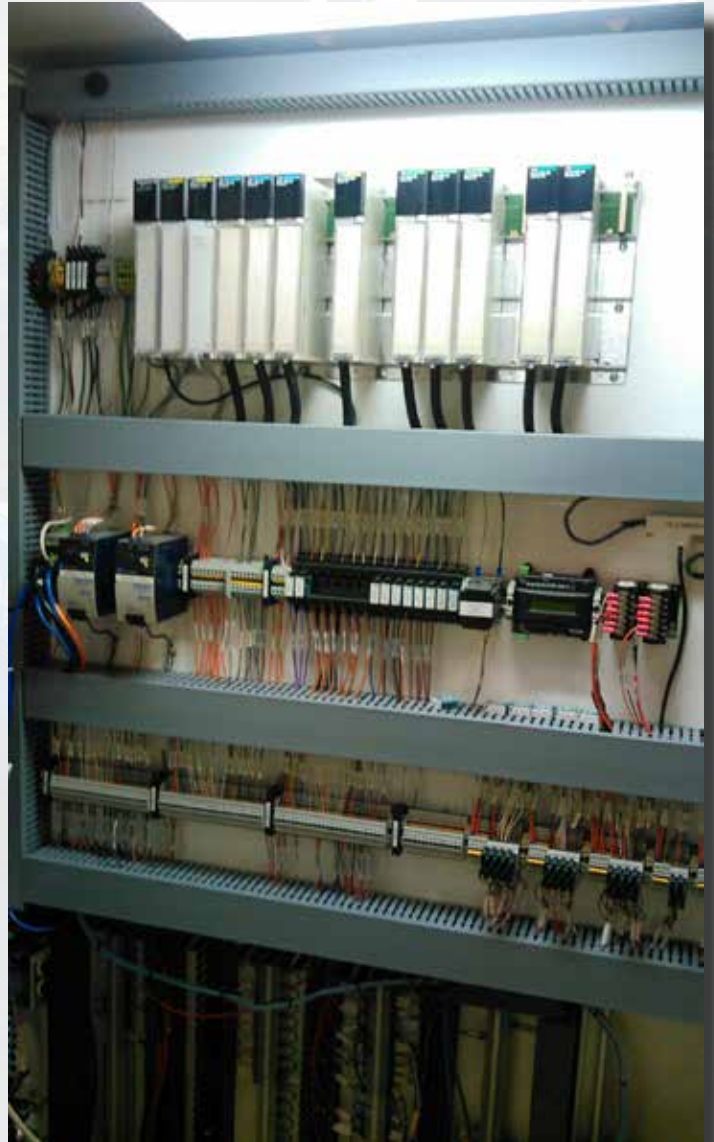
FIVE-YEAR CAPITAL PROGRAM

Project SCADA / Security Modifications & Upgrades

Description Contractor costs for integration of SCADA and video security systems for the Miramar property and at TVMWD's remote locations. Some of the improvements and upgrades include automating the operation of the hydroelectric generating stations, replacing older security equipment, upgrading programmable logic controllers that have become obsolete, and SCADA expansion/modification to allow remote access capability.

- Purpose**
- Improves capability to monitor and control treatment and delivery systems.
 - Adds operational features not currently part of existing SCADA system.
 - Provides increased security at Miramar Plant and remote sites.

- TVMWD Objective**
- 1.5 - Maintain water infrastructure to assure 100% reliability.
 - 2.3 - Manage water infrastructure and staff operations to minimize costs.



Fiscal Year	16/17*	17/18	18/19
Expenditures			
Cost Estimate	75,585	103,396	3,741
Encumbered	(56,631)	(10,622)	
Budgeted	(18,954)		
Grant or Other Funding			
Budget Needs	-	92,774	3,741

*Estimated

Annual O&M Impact	\$10,000
Annual Staff Impact	0.00 FTE



FIVE-YEAR CAPITAL PROGRAM

Project Facility Electrical Upgrades

Description Evaluation, design, installation and/or replacement of equipment and instrumentation for TVMWD's two smaller hydroelectric generating stations (Williams, Fulton) and Plant 2. The electrical components at each of these facilities may require various upgrades to bring them up to today's standards. As the agreements with SCE terminate in 2017 for Williams and Fulton, these upgrades may be required prior to the execution of new power purchase agreements moving forward. Meanwhile, TVMWD is also evaluating the potential to generate even more power at the Williams and Fulton sites similar to the analysis performed for the Miramar Hydroelectric Station in 2012.



- Purpose**
- Update electrical systems at TVMWD facilities.
 - Improve generating capacity to increase revenue.



- TVMWD Objective**
- 1.5 - Maintain water infrastructure to assure 100% reliability.
 - 2.3 - Manage water infrastructure and staff operations to minimize costs.

Fiscal Year	16/17*	17/18	18/19
Expenditures			
Cost Estimate	250,000	5,000	10,000
Encumbered	(116,694)		
Budgeted	(133,306)	(5,000)	
Grant of Other Funding			
Budget Needs	-	-	10,000

*Estimated

Annual O&M Impact	\$0
Annual Staff Impact	0.00 FTE



FIVE-YEAR CAPITAL PROGRAM

Project **Manway Installations and Pipeline Inspection/Repairs**

Description Inspection and repair costs associated with the Miramar Transmission Pipeline. Upon completion of access manways along the alignment of the Miramar Pipeline, TVMWD will inspect the 30+ year-old pipeline to assess its condition and identify areas in need of repair or further evaluation. Inspection and repair phases may take some time to complete in order to minimize the impact of shutdowns and the inability to deliver water.



Purpose

- Facilitates pipeline inspections and to perform expected repairs.

TVMWD Objective 1.5 - Maintain water infrastructure to assure 100% reliability.



Fiscal Year	16/17*	17/18	18/19	19/20	20/21	21/22
Expenditures						
Cost Estimate	226,667	150,000	150,000	150,000	150,000	150,000
Encumbered		(106,185)				
Budgeted	(226,667)	(29,409)				
Grant or Other Funding						
Budget Needs	-	14,406	150,000	150,000	150,000	150,000

*Estimated

Annual O&M Impact	\$8,000
Annual Staff Impact	0.05 FTE



FIVE-YEAR CAPITAL PROGRAM

Project **PM-26 Expansion**

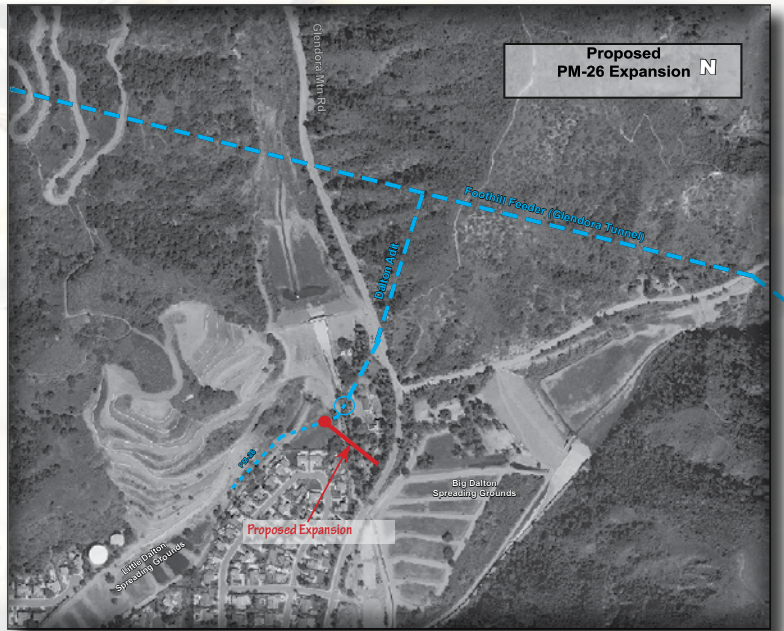
Description Planning, design, environmental and construction costs to expand the spreading connection at the existing PM-26 location. The existing connection currently delivers untreated import water to the Little Dalton Spreading Grounds, for which delivery rates are very limited. The addition of pipeline and low-lift pumping capability would allow delivery of water from the Foothill Feeder into the adjacent Big Dalton Spreading Grounds and other potential recharge facilities downstream. This added capacity would allow TVMWD to utilize more spreading water over shorter periods of time in the Main San Gabriel Basin.



Purpose Increase spreading capabilities within the Main San Gabriel Basin.

TVMWD Objective

- 1.3 - Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies to 10,000 AF.
- 1.4 - Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe.



Fiscal Year	16/17*	17/18	18/19
Expenditures			
Cost Estimate		415,625	1,124,375
Encumbered		(40,000)	
Budgeted		(167,813)	
Grant or Other Funding		(207,812)	(562,188)
Budget Needs	-	-	562,188

*Estimated

Annual O&M Impact	\$25,000
Annual Staff Impact	0.05 FTE



FIVE-YEAR CAPITAL PROGRAM

Project **Miramar Building and Site Improvements**

Description Design and construction of various upgrades and improvements for the 30-year old Miramar buildings and site. Projects to upgrade bathrooms, modify the break room and patio, and replace existing carpents are envisioned over the next few years.



Purpose • Maintain TVMWD facilities in modern, working order to accommodate the needs of staff and visitors.

TVMWD Objective 2.3 - Manage water infrastructure and staff operations to minimize costs.



Rendering of Breakroom

Fiscal Year	16/17*	17/18	18/19
Expenditures			
Cost Estimate	552,311	320,460	126,355
Encumbered	(404,125)		
Budgeted	(148,186)		
Grant or Other Funding			
Budget Needs	-	320,460	126,355

*Estimated

Annual O&M Impact	\$10,000
Annual Staff Impact	0.00 FTE



BUDGET PRIORITIES FOR FY 17-18

Based on TVMWD's goals and objectives, the following budget priorities have been identified:

1. Maximize the Lowest Cost Water

- a. Enhanced Groundwater Production – TVMWD will determine options for developing additional groundwater production.
- b. PM-26 Expansion – Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies.
- c. Reservoir Effluent Pump Station – Improve water quality and efficiency of the Miramar Treatment Plant.

2. Increase Ability to Store and Extract Water that can Increase Miramar Transmission Pipeline Deliveries

- a. Enhanced Groundwater Production – TVMWD will determine options for developing additional groundwater production.
- b. Manway Installations and Pipeline Inspection/Repairs – TVMWD will maintain the Miramar Transmission Pipeline in good working order to maximize deliveries.
- c. Increase Storage in Six Basins – TVMWD will continue working with Six Basins Watermaster on their strategic plan. One expected goal from their plan will be to exercise the basins more, which aligns with TVMWD's desire to spread and recover more water. TVMWD would request an increase to our storage account within Six Basins.
- d. PM-26 Expansion – Maintain diverse sources of water supplies and storage, and increase extractable water storage supplies.

ACRONYMS AND ABBREVIATIONS

- AF – Acre-Feet
- AFY – Acre-Feet per Year
- BMP – Best Management Practices
- CSDA – California Special Districts Association
- CUWCC – California Urban Water Conservation Council
- EPA – Environmental Protection Agency
- FY – Fiscal Year
- GASB – Governmental Accounting Standards Board
- IT – Information Technology
- MWD – Metropolitan Water District of Southern California
- NIST – National Institute of Standards and Technology
- O&M – Operations and Maintenance
- OPEB – Other Post-Employment Benefits
- SANS – System Administration Networking and Security
- SBX7-7 – 2009 Legislation requiring 20% reduction in urban per capita water use by 2020
- SCADA – Supervisory Control and Data Acquisition
- SDLF – Special District Leadership Foundation
- TVMWD – Three Valleys Municipal Water District
- WSDM – Water Surplus and Drought Management

